

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF OCOM CORPORATION,	)	
INTERNATIONAL CABLETEL, INC. AND INSIGHT	)	
COMMUNICATIONS COMPANY U.K., L.P., FOR	)	CASE NO. 93-303
AUTHORIZATION TO REORGANIZE AND TO	)	
TRANSFER INTEREST	)	

O R D E R

On August 24, 1993, OCOM Corporation ("OCOM"), Insight Communications Company U.K., L.P. ("Insight"), and International Cabletel, Inc. ("ICI") (collectively referred to as "Joint Applicants") filed an application requesting the Commission to find that no approval is necessary for the proposed transactions described in its Joint Application or in the alternative that the proposed transactions consisting of the formation of a holding company, ICI, and the merger of OCOM into Cabletel Merger, Inc. ("Cabletel") be approved. OCOM will emerge as the surviving entity as a result of the merger of Cabletel and OCOM. Shareholders of stock in OCOM, the surviving entity, will then exchange their shares for an equal number of shares in the holding company ICI.

OCOM is a Delaware corporation which was authorized by this Commission to provide telecommunications services as a reseller on July 24, 1992.<sup>1</sup> Insight is a Delaware limited partnership which,

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<sup>1</sup> Case No. 92-166, The Application of OCOM Corporation for a Certificate of Public Convenience and Necessity to Operate as an Interexchange Telecommunications Reseller Within the Commonwealth of Kentucky.

through subsidiaries, owns cable and telecommunications licenses in the United Kingdom. ICI is a Delaware corporation which presently is a subsidiary of OCOM. However, after the proposed merger between OCOM and Cabletel, OCOM, the surviving entity, will become a subsidiary of ICI as a result of OCOM shareholders exchanging their stock for shares in ICI. OCOM, through its subsidiaries, will also purchase an ownership interest in Insight in exchange for Insight's receiving 37.8 percent of the common stock of ICI. OCOM shareholders will acquire a 62.2 percent interest in ICI.

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to receive Commission approval prior to the acquisition or transfer of ownership or control of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval. KRS 278.020(6) exempts entities from the provisions of subsection (5) if an acquired utility derives a greater percentage of its gross revenues from another jurisdiction and the Commission determines that ratepayers are protected by that jurisdiction's statutes. Joint Applicants assert that KRS 278.020(6) exempts the proposed transaction from the provision of KRS 278.020(5). The Commission finds that the proposed transactions, based upon the representations of Joint Applicants, are exempt from KRS 278.020(5) pursuant to KRS 278.020(6) because OCOM derives a greater percentage of its revenues from other jurisdictions and ratepayers appear to be adequately protected by the statutes of other

jurisdictions. OCOM has received all necessary approvals of the Public Utility Commission of Ohio and the approval of the FCC is pending.

However, the Commission finds that KRS 278.020(4) is applicable to the proposed merger between OCOM, a Kentucky jurisdictional utility, and Cabletel. KRS 278.020(4) is also applicable to the transfer and acquisition of OCOM by ICI holding company in exchange for an equal number of shares of stock in ICI. OCOM, the jurisdictional utility, after the merger and holding company formation will be owned directly by ICI, a nonjurisdictional holding company, and indirectly by the current stockholders of OCOM. Therefore, approval by this Commission is necessary for those transactions.

Joint Applicants submit that the proposed transactions will be made in accordance with law, for a proper purpose and consistent with the public interest. Joint Applicants anticipate that the proposed transactions will be transparent to the Kentucky customers of OCOM and that there will be no change in the current OCOM management, operating personnel, or in the nature of services offered to its Kentucky customers. OCOM will continue to provide services under its tariff on file with this Commission. The technical, financial, and managerial abilities of OCOM were demonstrated in Case No. 92-166 and are reflected in the present Joint Application.

The Commission, having determined that KRS 278.020(4) is applicable to the proposed transactions, finds that Joint

Applicants have demonstrated the financial, technical, and managerial abilities to provide reasonable service to the public and that the proposed transaction is consistent with the requirements of KRS 278.020(4) and should be approved.

IT IS THEREFORE ORDERED that:

1. The merger of OCOM with Cabletel and subsequent transfer of ownership of OCOM to ICI holding company as described by Joint Applicants are hereby approved.

2. Joint Applicants shall notify the Commission within 10 days of the date of closing of the proposed transactions or in the alternative shall notify the Commission if the proposed transactions do not occur.

Done at Frankfort, Kentucky, this 1st day of October, 1993.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director